

NEIGHBORHOOD & COMMUNITY DEVELOPMENT STRATEGIC DIRECTION



GOAL: Provide operating, grant and loan, and project management support to neighborhood business districts and community-based development organizations, and to special projects, so that Seattle has thriving neighborhoods and broadly shared prosperity.

LONG-TERM OBJECTIVES

- Retain and expand Seattle's family-wage business sectors and encourage small business development.
- Increase the percentage of working-age adults who find and retain family-wage employment--with special emphasis on people of color, women and people with disabilities.
- Strengthen neighborhood business districts and support community-based economic development across Seattle—with special emphasis on low-income communities.
- Improve customer satisfaction for businesses accessing City services.

CHANGE DYNAMICS, EMERGING TRENDS AND OBSTACLES TO MEETING OBJECTIVES

IMPACTS OF A CHANGING ECONOMY ON LOW-INCOME COMMUNITIES

- Seattle's low-income residents are having increasing difficulty sustaining themselves and their families given the City's changing economy and neighborhood demographics. Housing prices and living costs remain high in City neighborhoods.
- Neighborhood Business Districts exhibit varying degrees of economic distress requiring strategic, focused City intervention to support private sector initiatives. While poverty rates in the lowest-income neighborhoods decreased slightly between 1990 and 2000, they remain persistently higher than Seattle as a whole. In addition, the increase in jobs experienced by many business districts during the 1990s took a dramatic turn in 2001 to significant losses. This is especially troubling in districts that have traditionally been thriving commercial and employment centers.
- Entrepreneurs in economically disadvantaged neighborhoods are frequently unable to obtain financing or advice and technical assistance from conventional financial institutions.
- Neighborhood Business Districts are in transition, with retail and housing markets in need of help to reach or regain competitive market advantage. Resources need to be brought together in new ways to leverage private resources, providing scale and focus necessary to make a significant positive difference.

REAL ESTATE CHALLENGES AND NEEDS

- Seattle's neighborhood plans are requesting additional funds and resources for community development corporations and for strengthening and improving the appearance of our commercial districts (i.e. façade improvement programs in low-income communities).
- The high cost of land creates difficulties for non-profit agencies. The need to layer subsidy sources requires non-profits to typically wait up to three years to assemble the requisite permanent financing. Non-profits frequently cannot maintain site control long enough to obtain all the financing needed unless they offer substantially above-market prices or if they agree to expensive non-refundable down payments, earnest money or option fees.
- There is a lack of financing for tenant improvements for commercial space in mixed-use buildings and for community economic development projects. Unlike housing, there are few sources of low-interest equity capital to cover the gap financing needs for commercial projects.
- City-required infrastructure improvements continue to add costs for Community Development Corporations (CDC) real estate projects.
- Development projects in distressed neighborhoods frequently require public support in the form of technical assistance or actual financing to make them viable.

OPPORTUNITIES AND CHALLENGES POSED BY SOUND TRANSIT

- Light rail construction threatens the existence of as many as 300 small and minority-owned businesses in the Rainier Valley: a neighborhood with among the highest rates of poverty and fewest numbers of jobs in the city. Yet, with appropriate and effective City assistance, light rail also presents opportunities to maintain and strengthen the cultural diversity, long-term livability and economic opportunity for the people who live and work in the Rainier Valley.

SHORT-TERM COMMUNITY DEVELOPMENT OBJECTIVES

To work towards the long-term objectives in light of the current and emerging challenges, our immediate community development focus is as follows:

- **ECONOMIC:** Increase economic activity within low- and moderate-income neighborhoods;
- **REAL ESTATE:** Support catalytic real estate investments that promote economic revitalization in low- and moderate-income neighborhoods; and
- **LIGHT RAIL:** Increase benefits and reduce impacts of Link light rail construction for Rainier Valley residents, businesses and institutions.

2004 STRATEGIES

ECONOMIC STRATEGIES

- **Small Business Technical Assistance:** Provide technical assistance to existing and startup businesses to develop and sustain small businesses in Seattle within low-income communities and create job opportunities for low- and moderate-income persons.

- **Neighborhood Business District Support:** Finance façade improvements in the University District, Broadway, Rainier Valley, the Central District, South Park, and South Delridge. Support neighborhood farmers markets.

REAL ESTATE STRATEGIES

- **Technical and Project Assistance:** Provide technical assistance and real estate expertise to community development corporations and targeted neighborhood business districts in support of their efforts to strengthen low-income neighborhoods, including the development of housing, commercial and retail space, and community facilities.
- **Community Development Equity and Lending:** Provide forgivable loans for retail, commercial, mixed-use or housing development projects of community-based development corporations. These programs provide financing for projects that result in goods, services, and jobs in low-income communities.
- **Community Development Float and Section 108 Program:** Continue to promote the Community Development Float and Section 108 Program as a means to finance community development projects that provide needed goods and services in low-income communities and that provide jobs to low-income individuals.

LIGHT RAIL STRATEGIES

- **Rainier Valley Community Development Fund:** Lessen the impact of construction of light rail on Rainier Valley business and property owners and provide opportunities for the community to invest in affordable housing, retail and commercial development, small business development and facilities for community and cultural activities.

2004 PROPOSED ACCOMPLISHMENTS AND OUTCOMES:

ACCOMPLISHMENTS FROM ECONOMIC AND REAL ESTATE DEVELOPMENT ACTIVITIES

- Initiate 40 loan applications for small businesses and provide technical assistance to 200 other businesses through Community Capital Development;
- Fund at least 15 façade improvement projects in neighborhood business districts;
- Provide technical assistance to at least 50 farm vendors and operate two markets through the Neighborhood Farmers Market Alliance;
- Provide operating support and technical assistance to six CDCs;
- Complete two float loans worth \$4 million;
- Approve two Section 108 loans worth \$3 million;
- Complete one mixed-use development project in the Central Area; and,
- Break ground on Phase I of Rainier Court, a mixed-use development in the Rainier Valley.

OUTCOME: Improve access of residents to housing, goods, services and jobs in low- and moderate- income communities.

ACCOMPLISHMENTS FROM ACTIVITIES SUPPORTING THE COMMUNITY DEVELOPMENT FUND

- Approve plan detailing the community and transit-oriented activities of the CDF in support of low- to moderate-income residents of the Rainier Valley;
- Identify three sites that will house businesses needing to relocate due to light rail construction, including financing any necessary rehabilitation;
- Provide direct technical and financial assistance to at least 50 businesses impacted by light rail construction; and
- Place 20 low- or moderate- income job seekers from the Rainier Valley in apprenticeships in the construction of the Link light rail project.

OUTCOME: Create a healthy business and residential corridor along Martin Luther King, Jr. Way that offers light rail service and new employment and housing opportunities for the people who live and work in the Rainier Valley.



WORKFORCE DEVELOPMENT

STRATEGIC DIRECTION

GOAL: Promote innovations in the workforce development system to place low-income residents in living wage jobs, support retention and upward mobility and contribute to regional competitiveness by supplying employers with qualified workers.

CHANGE DYNAMICS, EMERGING TRENDS - (OBSTACLES TO MEETING NEEDS)

- The regional economy is not creating enough jobs that pay workers enough to meet the basic needs of their families without resorting to public assistance and provide them a financial cushion to address emergencies.
- People of color are over-represented in low-paying jobs, are more likely to have personal earnings below a living wage, and are less likely to have education beyond high school.
- The economy is creating few opportunities for people who have no training beyond a high school diploma or GED. This group typically includes people of color, women, and single adults with children.
- Washington State's unemployment rate is among the highest in the nation. In the Puget Sound region alone, job losses total about 100,000 over the last two years, equal to almost a seven percent drop in employment.
- Despite the current economic downturn, there remain industry sectors that provide the best opportunity to create jobs that pay a livable wage, including construction, manufacturing, bio-tech/life sciences, and some services such as health services, specific business services and engineering/management services.
- The difficult economic times have provided impetus for new partnerships to improve service to low-income job-seekers, as public and non-profit agencies are searching for new, innovative and less costly ways to partner.
- A declining portion of workers can look to their employers to provide traditional benefits such as health insurance, retirement and paid holidays.

2004 STRATEGIES:

NON-PROFIT WORKFORCE INTERMEDIARY STRATEGIES:

- Support the organizational and administrative development of the Seattle Jobs Initiative (SJI) as a private, non-profit organization that functions as an intermediary in the workforce development system to connect Seattle's low-income community residents to living wage jobs and provide employers the skilled workers they need.
 - The new SJI non-profit intermediary will employ the following strategies to accomplish its objectives:
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- Convene divergent parties to work toward a common result;
- Fund services for low-income job seekers and promote best practices in many service arenas;
- Organize workforce development stakeholders to improve the effectiveness and efficiency of their services to low-income job seekers and local employers;
- Encourage the alignment of multiple systems to achieve improved outcomes for low-income job seekers and local employers;
- Identify and broker opportunities to leverage resources and maximize service impact;
- Identify service gaps and work with partners to improve system services; and
- Promote high quality services among all workforce development system providers.

2004 PROPOSED ACCOMPLISHMENTS AND OUTCOMES:

NON-PROFIT WORKFORCE INTERMEDIARY ACCOMPLISHMENTS

- Enroll 835 low-income job seekers in training and support services.
- Place 490 low-income job seekers in living wage jobs.

OUTCOME: Connect Seattle's low-income community residents to living wage jobs and provide employers the skilled workers they need.

SHORT-TERM COMMUNITY DEVELOPMENT OBJECTIVES:

- Represent the interests of low-income job seekers in Seattle through policy and program work with government agencies, employers, and non-profit agencies involved in the workforce development system.
- Provide recruitment, case management, skills training and job retention services to job seekers through collaboration with community-based organizations.
- Respond to the needs of employers through the delivery of training programs that prepare entry-level workers with necessary and appropriate skills.
- Negotiate agreements with employers to increase the access of low-income women and people of color to jobs that pay a living wage.

LONG-TERM COMMUNITY OBJECTIVES:

- Increase the access of low-income job seekers to the regional workforce development system by establishing an active and meaningful role for community-based organizations within the workforce development system.
- Improve partnerships among the community college system, the workforce development system, the City of Seattle, and other funders of human services through joint strategic planning and collaboration on funding strategies.

- Collaborate with the Workforce Development Council (WDC) on the implementation of industry sector strategies such that low-income residents develop the skills necessary to compete for positions in the targeted sectors.
- Pursue strategies to address wage progression and skill gaps through collaboration with the WDC and other workforce development entities.